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OGC 81-04406

29 May 1981

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Stanley Sporkin  
General Counsel

SUBJECT: Obtaining High Technology Equipment  
from U.S. Companies

I have reviewed the information you provided me on this issue and want to set forth an outline which I think could provide the basis for a more extensive program. When you have a few minutes, I would like to discuss it with you.

#### Issues

1. Willingness of U.S. companies to sell high technology to countries with interests adverse to the U.S.
2. Thefts of high technology from U.S. companies.
3. Reshipments to adverse foreign interests of U.S. technology by the original purchaser.
4. Need to deal with companies of allied countries that have either developed or bought high technology from U.S. companies and resold it to countries with interests adverse to the U.S.
5. Need to coordinate and develop control mechanism in U.S. of various interested government agencies.

#### Possible Solutions

1. Companies that trade with adverse foreign interests must be held strictly accountable with respect to the burden of proof as well as the imposition of strict penalties and other sanctions when violations are substantiated.
2. Need to establish incentives for detection and reporting of thefts of high technology.
3. Use of the very strict provisions of the RICO Act in order to dissuade U.S. companies from trading with countries with interests adverse to the U.S.

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4. Consider possible use of adopting laws or rules that would require all sales overseas of high technology to be subject to effective U.S. Government approval.

5. Need better security measures to prevent theft of high technology. Could require certain general security provisions with important incentives for complying with such provisions. In addition, there is a need for better Customs inspection in order to detect violations, particularly where there has been mislabeling of shipments, as well as the requirement for pre-clearance procedures with Customs officials.

6. Other possible solutions to the problem would involve the adoption of certain reporting and record-keeping requirements, as well as the possibility of the adoption of a requirement that a vendor must "know its ultimate customer."

7. The adoption of a requirement that each shipment have full documentation with full inspection privileges, ~~even prior to the time the shipment enters commerce.~~

Miscellaneous Measures

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3. Thought might be given to limiting sales to U.S. companies or requiring the ultimate use of high technology to be controlled by cleared U.S. companies.

4. Thought also must be given as to how we deal with other free world countries that are dealing with adverse foreign interests.

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Stanley Sporkin

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